THUNDELARRA

ASX/Media Announcement

15 July 2016

RED BORE RC DRILL RIG MOBILISED

Thundelarra is pleased to announce that a Reverse Circulation ("RC") drilling rig has mobilised to Red Bore and the commencement of the next phase of deep drill testing is imminent. The Red Bore Project, 90%-owned by Thundelarra, is a two square kilometre granted Mining Licence (M52/597) located about 160km NE of Meekatharra in Western Australia's Doolgunna Region.

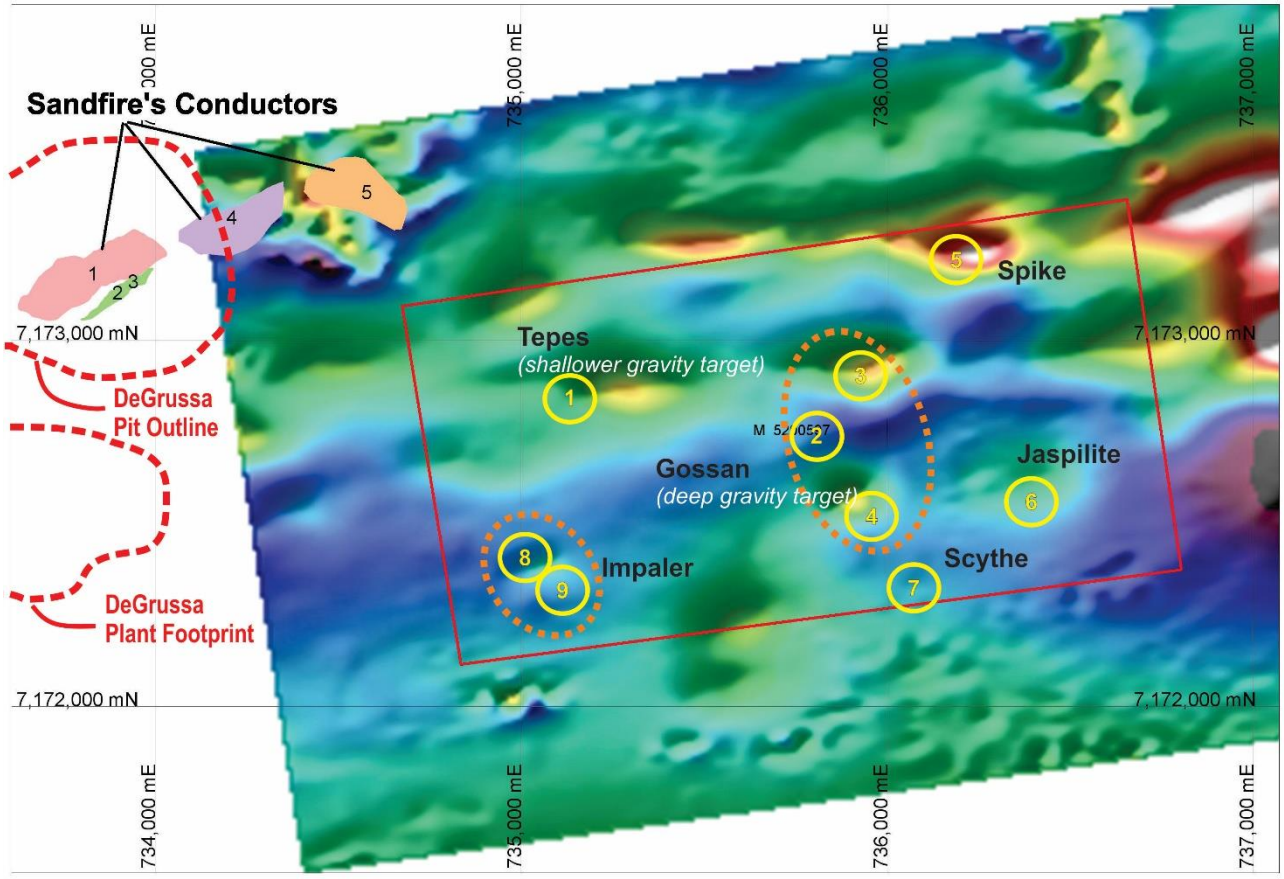

Figure 1. Red Bore drill targets on TMI magnetic image. Surface trace of Conductor orebodies (to scale) and approximate location of DeGrussa pit and plant show proximity of Red Bore to Sandfire's infrastructure.

This programme will total at least 2,400m of RC drilling as the first stage of testing the deep gravity anomaly previously announced. Deep diamond drill-testing will follow as soon as practicable after targets 2, 3 and 4 have been RC drilled and the data evaluated.

A brief summary of the targets follows (numbers refer to target locations on Figure1 above):

- Target 1: shallower (~300m) gravity target identified in 1H 2016 has not been tested before. Located close to what was previously called the "North West Gossan Prospect". Renamed "Tepes" for easier reference. Potentially a VHMS occurrence.
- Targets 2, 3 and 4: these holes will help identify the most effective collar location for the first follow-up diamond hole to test the gravity anomaly identified in 1H 2016 at approximately 600m depth below Gossan. Target 3 will also provide further information on a previously identified IP anomaly in that approximate location that has not been completely explained.
- Target 5: "Spike". A magnetic anomaly that has not been previously tested.

- Target 6: “Jaspilite”. Previous drill testing of this magnetic anomaly has not provided a comprehensive explanation of the anomaly. This will be revisited.
- Target 7: “Scythe”. Previous drill testing of this target had revealed a conductor that warranted further follow-up testing when a suitable rig became available.
- Targets 8 and 9: “Impaler”. Previous drill testing of the Impaler prospect had encountered difficult ground conditions. Interpretation of the deep diamond hole completed in early 2016 identified the theoretical potential for down-dip and easterly extensions of the geological setting that may be prospective for VHMS occurrences.

Recent adverse weather conditions have resulted in significant rainfall through the Gascoyne and Murchison districts, delaying the start of this programme from the original end-June planned date.

This RC programme is Stage 1 of the overall programme to test the deep gravity target identified at about 600m vertical depth and centred approximately 140m north-west of Gossan. The results from drilling targets 2,3 and 4 will provide our geological team with the data necessary for siting the deep diamond hole in the best possible location to deliver optimal results in the most cost-effective way. Re-processing the gravity identified a broad diffuse target.

Regional experience – our own, plus that of Sandfire and Talisman in the discovery of DeGrussa and Monty – clearly demonstrates the need for attention to geological detail and patience in the exploration process. The discoveries to date are in complex geological and structural settings and can only be unravelled by a systematic approach and rigorous technical practices.

The first deep diamond hole will be planned and sited once the data from the relevant RC holes has been collected and evaluated. We envisage that drilling the RC and follow-up diamond holes will continue through July and August, possibly extending into September (depending on findings).

The project geologist may amend the programme as warranted, based on the geological data obtained hole by hole.

Details of the exact hole locations will follow when the rig is on site and the programme has commenced successfully.

For Further Information Contact:
Mr Tony Lofthouse - Chief Executive Officer
+61 8 9389 6927

THUNDELARRA LIMITED
Issued Shares: 373.5M
ASX Code: THX

Competent Person Statement

The details contained in this report that pertain to Exploration Results, Mineral Resources or Ore Reserves, are based upon, and fairly represent, information and supporting documentation compiled by Mr Costica Vieru, a Member of the Australian Institute of Geoscientists and a full-time employee of the Company. Mr Vieru has sufficient experience which is relevant to the style(s) of mineralisation and type(s) of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (JORC Code). Mr Vieru consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.